

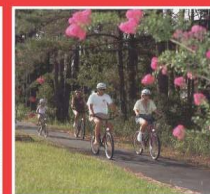
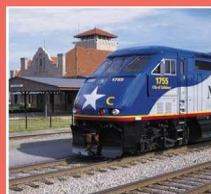
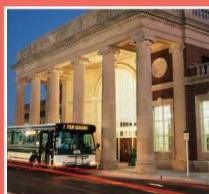
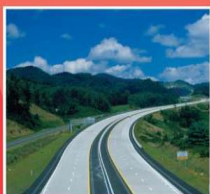


Property Holdings

Terry Gibson, PE – State Highway Administrator
March 29, 2011



- Equipment
- Lease Space Consolidation



• Equipment



Why does NCDOT Have/Need a Fleet?

- Fleet is critical to meeting the operational needs of NCDOT and NC citizens
- Fleet is used in emergency situations:
 - Floods
 - Snow
 - Hurricanes
 - Other natural and man-made disasters
- Some specialized equipment is not available for lease from private sector without advance notice
- NCDOT expends \$52.4 million on private equipment





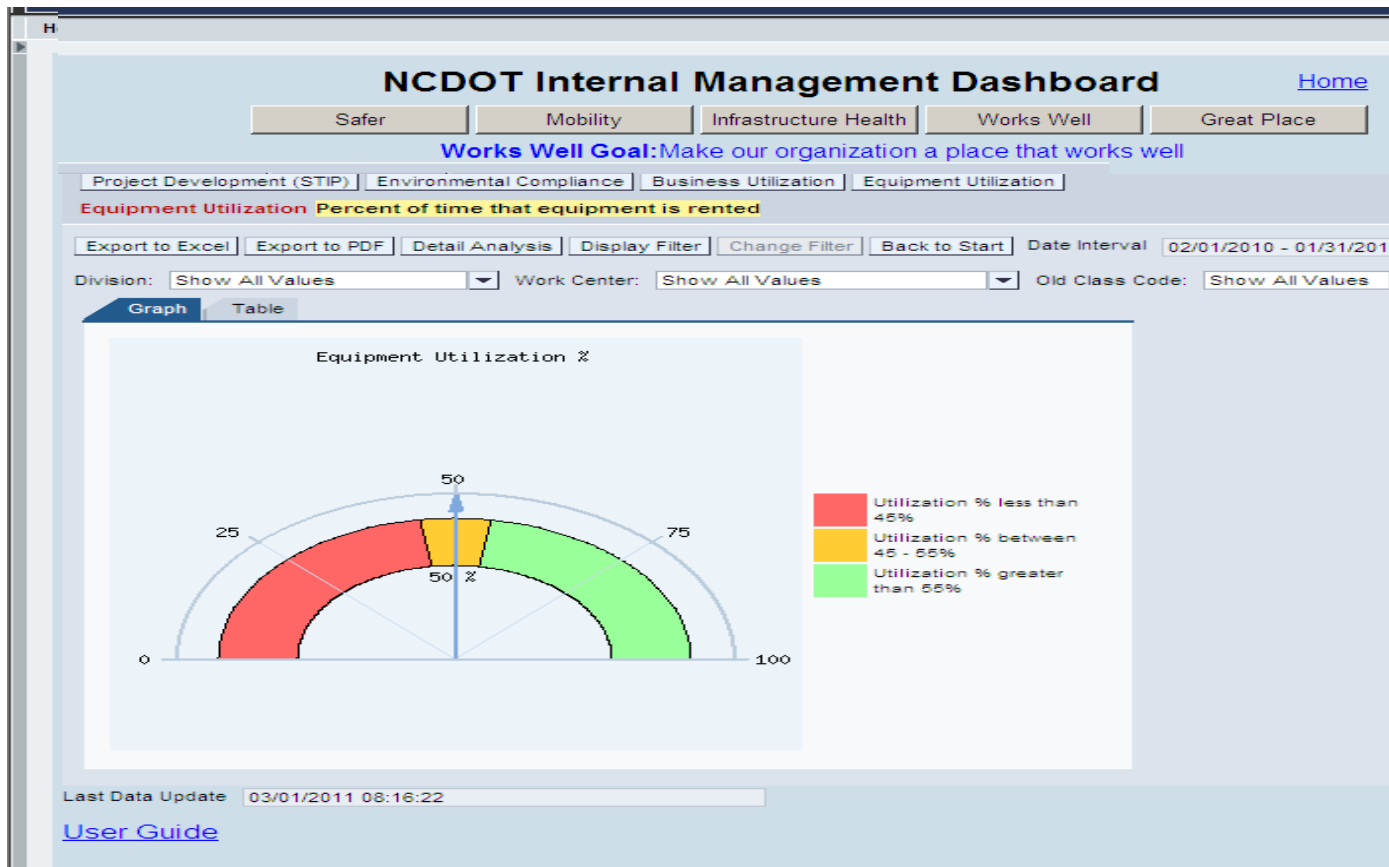
NCDOT Initiatives For Improving Fleet

- Began private-sector model equipment tracking system to accurately report usage (by individual unit by hr. in 2003).
- Trained Field engineers and Fleet managers to utilize new management process.
- Consolidated several central repair shops (reduced staff by 20%).
- Began public auctions to sell equipment.
- \$26.7 million for 6,304 pieces sold in nine years (\$2.4 M and 422 pieces since January).
- Incorporated new performance measures. (accountability) into overall fleet management system.





Accountability for Equipment Utilization





NCDOT Initiatives - continued

- Contracted with ECU to conduct research study involving depreciated life and utilization of equipment (6 types) based on:
 - When to sell equipment
 - What should be the utilization rate
 - What is the depreciation rate
- ECU study just completed, in process of implementation.
- Developed fleet and inventory management manual.
- Continue to train field staff on efficient fleet management.





NCDOT Initiatives - continued

- Data-driven approach to manage the fleet based on utilization, cost of ownership, and efficiencies.
- Equipment with low utilization that cannot be justified will be disposed of by - transferred to other locations or sold.
- Removing small hand tools out of the fleet (ex. Hand tamps, water pumps)
- Highway Administrator currently approving equipment replacement and certifying all low-utilization equipment as necessary for public good.





NCDOT Initiatives - continued

- Already seeing benefits:
 - Utilization of 9 types (2008) – 25%
 - Utilization of 9 types (current) – 39%
- New private sector modeled system will provide accurate, cost effective tools to pinpoint which equipment to keep, which ones to sell (based on initial cost, utilization, cost to own, repair costs, resale value).





- Lease Space Consolidation



NCDOT – Lease Space Consolidation

Logistical analysis performed by NCDOT to evaluate the optimization of space use

- Reduction in DOT's workforce and recent evaluation of more efficient placement of various units has led to the following:
 - Consolidation of DOT office space in Raleigh
 - Better communications & meeting availability
 - Reduced travel
 - Recurring \$ savings





NCDOT – Lease Space Consolidation

Annual Savings:

Current leases that are being eliminated (completion date June 2011)

• NC Turnpike Authority (3 leases)	\$220,000
• Environmental Resource Center	<u>\$565,000</u>
Subtotal	\$785,000 recurring

“Phase II” lease that will be eliminated*

• Oberlin Road	\$178,000 recurring
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Total savings	\$963,000 recurring
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* Phase II savings when legal issues are resolved

